

Data Sheet

USAID Mission:	Russia
Program Title:	Local Governance and Economic Development
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	118-0231
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,742,000 FSA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$2,450,000 FSA
Year of Initial Obligation:	FY2001
Estimated Completion Date:	FY2005

Summary: USAID's local governance activities strengthen local self-governance and civil society by improving the decision-making skills of local governments; increasing their capacity to develop and manage financial, human, and physical resources; and increasing their awareness and willingness to operate transparently and in sustained partnership with their communities. Our program works in 34 cities in the Volga Federal District (VFD), the Russian Far East (RFE), and the Urals.

Inputs, Outputs, Activities:

FY 2003 Program:

Local governance (\$2,750,000 FSA). To develop models for resolving complex, multi-sectoral issues that affect local governments and communities, USAID will establish a Local Governance Reform Support Center in the VFD. It will also fund a series of pilot projects and replicate efficient models of social and economic development for four types of municipalities: a large urban center, a small city, a rural settlement, and a mono-industrial area. To counter a strong trend toward re-centralization, USAID's implementing partner is helping develop federal policies and laws that directly or indirectly strengthen institutions of local self-governance. Other activities increase the decision-making capacities of local governments in public finance through transparent and comprehensive public finance policies as well as effective budget planning tools. USAID's assistance will help make local budgets more transparent and less arbitrary through mechanisms to stimulate public participation, including open budget-planning hearings and other public forums on budgetary decisions. USAID will continue to train local government administrators and non-government community leaders in increasing the efficiency, equity, and effectiveness of public goods and services. This includes better targeting of resources to the neediest, introduction of more efficient administrative practices, simplification of procedures for beneficiaries of social programs, and increased partnership with NGOs through competitive procurement mechanisms to deliver social services. USAID will implement a long-term public policy training program for officials responsible for local governance and social reform policies. We expect to train 30 local and 15 federal officials. USAID's partner is the Institute of Urban Economics (IUE).

Anti-corruption (\$500,000 FSA). USAID will fund a follow-on activity to support public-private partnerships in Tomsk and Samara. USAID will fund two conferences for 70 participants each to discuss future anti-corruption steps, and six professional seminars for journalists, lobbyists and public activists. In addition, USAID will fund a small grant program to review 60 corruption-related citizen complaints per month. This will be the final year for this activity. The Institute for Urban Economics will take on more work designed to combat corruption under the local governance activity described above. USAID's key implementing partner is Management Systems International.

Program support (\$492,000 FSA). These funds will cover training, evaluations, studies, and related program management costs.

FY 2004 Program:

Local governance (\$2,115,000 FSA). USAID would continue funding the Local Governance Reform Support Center in the VFD, aimed at its institutionalization as a self-sustaining regional think tank and a coordinating body for local governments, NGOs, donor organizations, and the business community after the end of the agreement. USAID intends to fund the dissemination of financial management techniques it has tested in previous years. USAID plans to assist an additional six municipalities in making fiscal policies more open, consistent, and predictable. USAID plans disseminate examples of best practices in social reforms to eight regions and municipalities in Volga Federal District and to other regions of Russia. USAID would continue to fund and refine the comprehensive public policy training program with the goal of achieving full “Russianization” and sustainability by the end of the agreement.

Program support (\$335,000 FSA). These funds would cover related program management costs.

Performance and Results: In a rapidly growing trend, six more cities instituted sustainable strategic planning for economic growth. This work, begun by IUE, is complemented by the Eurasia Foundation’s program, which works with 23 cities. In all, 79 cities are using strategic planning to guide their social and economic development. Seven cities and one large municipal association adopted more transparent local financial management practices. Six cities introduced quantitative analysis in budget decisions so that local governments clearly understand what resources they have and how they are used and can better communicate this to the population. Among these cities, two invited their communities, for the first time, to participate in budget decisions before budgets were finalized, rather than simply informing citizens after the fact. Nine local governments regularized their real estate markets to make them transparent and predictable to investors. Nine municipalities improved the delivery of social assistance through better means-testing, streamlining of administration, and introduction of competitive procurement in the delivery of social goods and services. Three regions implemented sustainable training courses in policy development skills for local government administrators, and a national-level course is ready for implementation. Results of demonstration projects in 22 municipalities informed policy dialogues and promoted laws supportive of improved local governance, service delivery, and economic growth.

IUE had a significant role in the Presidential Commission on Delineation of Authority among federal, sub-federal, and local governments. Using the direct results of USAID’s activities, IUE provided expertise to the Commission on what reforms are most needed at the local level and how they should be structured. More significantly, IUE initiated a national-level public dialogue about proposed political and fiscal reforms. During the course of this dialogue, many players with direct interests in the outcome of federal-level decisions, particularly local community leaders, mayors, and the media, actively participated in what had largely been a closed federal-level conversation. Their participation changed the nature and direction of the debate, and lower-level interests were considered more fully. This is a clear example of the growing strength of civil society in Russia and the growing role that think tanks are playing in its development.

Anti-corruption coalitions are working closely with the Governor’s office in Samara and the Mayor’s office in Tomsk. In Samara, the Coalition is helping to draft a Code of Ethics for government officials.

US Financing in Thousands of Dollars

Russia

118-0231 Local Governance and Economic Development	FSA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	3,220
Expenditures	59
Through September 30, 2002	
Obligations	3,220
Expenditures	59
Unliquidated	3,161
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	3,742
Total Planned Fiscal Year 2003	
Obligations	3,742
Proposed Fiscal Year 2004 NOA	
Obligations	2,450
Future Obligations	0
Est. Total Cost	9,412